EL Financial Corporation Limited

2000 Annual Report

E-L Financial Corporation Limited and subsidiary companies

The Year at a Glance

32nd Annual Report	2000	1999
Total Premiums	**$ 918,065,000**	$ 875,594,000
Total Revenues	**1,267,189,000**	1,185,846,000
Net Income (excluding investment gains)	**30,491,000**	30,510,000
Net Income	**73,389,000**	52,422,000
Total Assets (including segregated funds)	**6,253,408,000**	5,779,994,000
Shareholders' Equity	**1,139,691,000**	1,004,385,000
Net Income (excluding investment gains) per Share	**7.94**	7.94
Net Income per Share	**19.11**	13.65

Note: Per share earnings figures assume full conversion of the Company's convertible preference shares.

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held at 11:45 a.m. Toronto time on Wednesday, May 9, 2001 at the Company's head office, 165 University Avenue, Toronto. All shareholders are invited to attend.

Head Office	Tenth Floor, 165 University Avenue, Toronto, Ontario
Shares Listed	Toronto Stock Exchange
Auditors	Deloitte & Touche LLP
Transfer Agent and Registrar	Computershare Trust Company of Canada

E-L Financial Corporation Limited and subsidiary companies

Board of Directors

J. Christopher Barron,
Chairman, Scotia Cassels Investment Counsel Limited

Paul G. S. Cantor,
Managing Director, Russell Reynolds Associates

George L. Cooke, LL.D.,
President and Chief Executive Officer, The Dominion of Canada General Insurance Company

William J. Corcoran, LL.B.,
Vice-Chairman, Jarislowsky Fraser Limited

E. Kendall Cork,
Managing Director, Sentinel Associates Limited

William B. Harris, LL.D.,
Corporate Director

Douglas G. Hogeboom, F.S.A., F.C.I.A.,
Executive Vice-President and Chief Operating Officer, The Empire Life Insurance Company

Duncan N.R. Jackman,
Managing Director, The Fulcrum Investment Company Limited

The Honourable Henry N.R. Jackman,
Chairman and President, E-L Financial Corporation Limited

J. Alex. Langford, Q.C.,
Barrister and Solicitor

James W. McCutcheon, Q.C.,
Counsel, McCarthy Tétrault

Christopher H. McElvaine, F.S.A., F.C.I.A.,
President and Chief Executive Officer, The Empire Life Insurance Company

Clive P. Rowe,
Partner, SLS Capital

Douglas C. Townsend, F.S.A., F.C.I.A.,
President, Townsend Actuarial Consulting Ltd.

The Right Honourable John N. Turner, P.C., C.C., Q.C.,
Partner, Miller Thomson

Manon R. Vennat, C.M.,
Chairman, Montreal, Spencer Stuart & Associates (Canada) Ltd.

Honorary Director

Peter S. Gooderham,
Corporate Director

Officers

Chairman and President
The Honourable Henry N.R. Jackman

Vice-Chairman
E. Kendall Cork

Executive Vice-Presidents

Christopher H. McElvaine
President and Chief Executive Officer
The Empire Life Insurance Company

George L. Cooke
President and Chief Executive Officer
The Dominion of Canada General Insurance Company

Vice-President, Finance and Secretary
Mark M. Taylor

Management's Discussion and Analysis
Report on E-L Financial Corporation Limited

E-L Financial Corporation Limited (the Company) operates as an investment holding company. It owns 100% of The Dominion of Canada General Insurance Company and 80% of The Empire Life Insurance Company. The Company also owns an investment portfolio.

Strategy and Plans

The Company's strategy is to accumulate wealth within each of its investee companies. The Company manages its investments through representation on the boards of directors of the two insurance subsidiaries and of the investment companies in which the Company has shareholdings.

Overview of Results

The consolidated financial statements that follow reflect the results and financial position of the two insurance companies and the Company's portfolio investments. Additional information is provided in the notes to the financial statements.

For the year ending December 31, 2000, E-L Financial Corporation Limited earned net income of $ 73.4 million or $19.11 per share compared with the previous year's earnings of $52.4 million or $13.65 per share. The Company's net income, before investment gains, remained unchanged from 1999 earnings of $30.5 million or $7.94 per share.

The following table summarizes the results of the Company's business segments.

2000
(thousands of dollars)

	Portfolio Investments		General Insurance		Life Insurance		Total	
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999
Net income:								
Income excluding undernoted	**$9,616**	$9,554	**$436**	$3,062	**$20,439**	$17,894	**$30,491**	$30,510
Amortization of investment gains and losses	—	—	—	—	**11,633**	13,384	**11,633**	13,384
Gain (loss) on sale of investments	**(974)**	(667)	**32,239**	9,195	—	—	**31,265**	8,528
	$8,642	$8,887	**$32,675**	$12,257	**$32,072**	$31,278	**$73,389**	$52,422

The results and financial position of the two insurance companies are further described in each of their management's discussion and analysis.

Report on E-L Financial Corporation Limited (cont'd)

On January 1, 2000, the Company and its subsidiaries adopted the new standards of the Canadian Institute of Chartered Accountants for Corporate Income Taxes and Employee Future Benefits. The method of adoption and the impact of the changes on the financial statements are explained in Note 2 to the financial statements.

Portfolio Investments

The Company manages a portfolio of publicly traded fixed income and equity securities both directly and indirectly through a number of closed-end investment fund corporations and other investment companies. The Company's primary objective is to accumulate shareholder value through long term appreciation in its equity holdings and through a combination of stable earnings and capital growth in its bond portfolio.

The Company's portfolio investments are carried at market value on the balance sheet. The difference between the market value and cost of these investments, net of relevant future income taxes, is recorded as unrealized appreciation of portfolio investments.

In 2000, the unrealized appreciation in the Company's portfolio investments increased $61.6 million (1999 - a decrease of $4.7 million) or approximately 13.7% (1999 - a decrease of 1.0%) of the market value of the investment portfolio. Realized gains during the year totalled $ 4.7 million (1999 - $ 4.4 million). The majority of the unrealized appreciation is related to the Company's holdings in the financial services sector.

Outlook and Risks

The Company's future prospects are in part a function of the continued profitability of the two insurance company investees. Future prospects are also, in part, a function of the successful management of its investment portfolios in the face of ongoing changes in financial markets.

The insurance companies are federally regulated financial institutions and accordingly, their future prospects will be affected by future changes in legislation and regulation for the financial services sector. Further, these companies operate in competitive marketplaces that recently have experienced significant changes including consolidation, new entrants, increased price competition and lower investment yields. These factors are expected to continue in the foreseeable future. The insurance companies' future prospects will, in part, be a function of their ability to effectively manage their operations, including the pricing and distribution of their products. Future success will also be a function of continued focus on cost-containment, service enhancement, investment management performance, appropriate pricing strategies and effective use of technology. Risks relating to the Company's financial instruments are described further in the notes to the financial statements.

The Right Honourable John N. Turner and Mr. William B. Harris, who have reached retirement age, will not be standing for re-election in 2001. Their wise counsel and guidance will be missed and we extend our thanks and appreciation to them.

On February 28, 2001 Mr. Douglas G. Hogeboom was elected to the Company's Board of Directors. Mr. Hogeboom was appointed Executive Vice-President of Empire Life Insurance Company and will assume its presidency on May 1, 2001.

Management's Discussion and Analysis
Report on General Insurance Operations
Mr. George L. Cooke

The Dominion of Canada General Insurance Company, a wholly owned subsidiary of E-L Financial Corporation Limited, is licensed to underwrite property and casualty insurance in all jurisdictions in Canada. Its operations are concentrated in Ontario, Alberta, British Columbia and the Atlantic provinces. The Dominion's wholly-owned subsidiary, Chieftain Insurance Company operates in Ontario. This section of the management's discussion and analysis addresses the consolidated results of The Dominion and its subsidiary (collectively, "The Dominion").

Overview

Net income for the year ended December 31, 2000 was $32.7 million compared to $12.3 million in the prior year. Return on average equity was 10.1% in 2000 and 4.1% in 1999. The improvement reflects a significant increase in realized investment gains. Aside from investment gains, which fluctuate unpredictably from year to year, underwriting results continued to disappoint as a result of inadequate prices in a highly competitive market and as a result of increased frequency in automobile claims. Underwriting results, at a combined ratio (total expenses divided by premium income) of 109.9% in 2000 deteriorated marginally from 109.5% in the prior year. The Five Year Financial Summary on page 36 of this report provides an overview of the results of the five-year period from 1996 – 2000.

In 2000, The Dominion enjoyed a second consecutive year of growth in a competitive market. Gross written premiums increased by 6.2% (1999 – 6.1%). Growth in 2000 consisted of an increase in average premiums of 4.1% and an increase in policies in force of 2.1%. In 1999 growth was due to increased policies in force with average premiums relatively unchanged.

The Dominion distributes solely through independent brokers, being the channel that distributes the majority of property and casualty insurance products in Canada. Accordingly, The Dominion's success in the short-term is contingent on the ongoing success of brokers and on management's strategic foresight and ability to respond to threats to the broker distribution channel. The prominence of the local independent brokerage was reinforced during 2000. First, the broker channel won back market share in the significant automobile line, increasing their share to 68% in 1999 from 66% in 1998 (based on the latest available statistics). Second, large scale consolidation of brokerages, which threatened to dwarf the local independent, has stalled. The two remaining publicly traded independent national "broker consolidators" were acquired by insurers in 2000, suggesting that this model was neither viable for public ownership nor sustainable as a large independent operation. Consolidators failed to deliver consolidation efficiencies and did not realize significant cross-selling opportunities. The Dominion's growth in 2000 reflects the strong support of independent brokers who share the objectives of providing choice, professional personalized service, independent advice and competitive products at reasonable prices.

Underwriting results by product line

The Dominion underwrites standard general insurance products through nine regional centres. The geographic mix of premiums in 2000 is largely unchanged from the prior year and is as follows: Ontario

69%, Western region 15%, Atlantic provinces 9% and Pacific region 7%. Product mix is fairly consistent across the regions, except that the Pacific region's business is mostly property, due to the government automobile plan in British Columbia. The loss ratio (claims divided by net earned premiums) is a key indicator of underwriting performance and management monitors loss ratios by product line for each of its regional centres. The following table and commentary summarize the results of underwriting operations by major product category (dollar figures are in millions).

	Automobile		Personal Property		Commercial Property & Casualty		Total	
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999
Gross written premium	**$396**	$369	**$139**	$135	**$94**	$88	**$629**	$592
Growth	**7.2%**	7.6%	**3.0%**	3.5%	**6.6%**	4.2%	**6.2%**	6.1%
Mix of business	**63%**	62%	**22%**	23%	**15%**	15%	**100%**	100%
Net earned premium	**$381**	$351	**$129**	$125	**$84**	$79	**$594**	$555
Claims	**$311**	$272	**$91**	$83	**$58**	$60	**$460**	$415
Loss ratio %	**81.6**	77.4	**70.2**	66.7	**69.3**	75.8	**77.5**	74.8

Automobile

Growth of 7.2% was achieved from a 4.4% increase in average premiums, as a result of rate increases, and a 2.8% increase in policies in force, due to improved retention of existing business. The quality of growth in 2000 (increased average premiums) was superior to growth in 1999 which was generated from increased policies on practically unchanged average premiums. The increase in the loss ratio in 2000 predominantly reflects a higher frequency of auto physical damage claims and an increase in severity (the average cost per claim) for commercial auto. The results for the automobile line, which represents almost two thirds of The Dominion's business, account for the majority of the overall increase in premiums and loss ratio in 2000.

Personal property

3.0% growth was generated from both an increase of 1.3% in average premiums and 1.7% in policies in force. As with automobile, the quality of growth in 2000 represents an improvement over 1999 during which 3.5% growth was the net of 5.5% increase in policies in force, offset by a 2.0% decrease in average premiums. The 2000 loss ratio of 70.2% reflects increased severity over 1999.

Report on General Insurance Operations (cont'd)

Mr. George L. Cooke

Commercial property, casualty and surety

These coverages are generally sold together in package policies. Growth in these lines came from higher average premiums with policy count remaining consistent with the prior year. The decrease in the loss ratio reflects the net of two factors: a decrease in the estimates for prior year casualty claims, recorded as a reduction in the 2000 claims expense whereas the 1999 claims expense included a charge for increases in casualty provisions for accident years 1998 and prior. This favourable variance was partially offset by deterioration in commercial property claims arising from increased losses under fire and contractors equipment coverages.

Management of policy liabilities

The provision for unpaid and unreported claims is based on an actuarially determined provision for all costs of investigation and settlement of insurance losses occurring prior to year end. Many assumptions underlie these estimates such as claims frequency and severity, claims payment trends, inflation and interest rates, potential changes in legislation and the interpretation of liability by the courts. Ultimate costs incurred will inevitably vary from current estimates. During 2000, the ongoing actuarial re-evaluation of provisions for unpaid claims arising in prior years resulted in a $11.3 million reduction in those provisions, which is included as a reduction in claims expense in 2000. During 1999, there were no significant adjustments recorded to prior year provisions for unpaid claims. The Dominion continues to focus on careful selection of risks, adequate pricing, appropriate claims management practices and strong broker relationships as the key factors in maintaining favourable underwriting results.

The Dominion writes a significant amount of personal and commercial property business in British Columbia and, accordingly, is exposed to loss from a major earthquake. Management mitigates this exposure through strong underwriting guidelines, effective use of deductibles, adequate pricing, appropriate reinsurance coverage, and management of the broker force. The Dominion's financial preparedness for an earthquake, through its catastrophe reinsurance agreements and through its own capital, exceeds the federal regulator's requirements.

Expenses

The Dominion's expense ratio (the sum of commissions, operating expenses and premium taxes, divided by premium income) of 32.4% in 2000 improved from 34.7% in 1999. The reduction was derived from lower commissions and operating expenses.

Commissions as a percentage of premium income decreased to 17.4% from 18.1% in the prior year. This change was due to reduced contingent profit commissions, which are earned by brokers based on their premium volume and profitability. Higher loss ratios reduce the contingent commission earned by brokers.

Operating expenses decreased $4.0 million from the prior year and decreased as a percentage of premium income to 11.7% in 2000 from 13.2% in 1999. The decrease is mainly attributable to operating with a lower average headcount than in 1999, in spite of processing significant growth in business in 2000.

Expenses (continued)

The Dominion continues to make measured ongoing investments in technology within a disciplined budget. With respect to technology development activities, management's main objectives are to improve brokers' "ease of doing business" with The Dominion, to improve access to decision-valuable information and to enhance operating efficiency. Progress was made in 2000 toward the 2001 implementation of a web-portal for brokers to directly access customer information from The Dominion's system. This will enable brokers and The Dominion to reduce the collective effort, cost and time in responding to customer inquiries and requests. Progress was also made in the area of improved access to information by implementing a claims data-mart. This tool provides more detailed claims information to assist field staff and brokers to pinpoint drivers of underwriting profit and loss and to better manage business mix and risk selection.

Premium taxes are charged by provinces at fixed rates and vary directly with gross written premiums. There were no significant changes in rates applicable to The Dominion in 2000 or 1999.

Investments

Investment income (interest and dividends) before income taxes was $50.2 million in 2000, an increase of $2.5 million from the prior year. This increase reflects an investment yield consistent with 1999, but on a higher average portfolio balance. The average investment balance grew 5.9% in 2000 as a result of growth in premiums (cash from operations) and reinvestment of proceeds from a high level of realized investment gains.

Being a property and casualty insurer, The Dominion recognizes investment gains or losses on a realized basis, as investments are disposed. Gain on sale of investments was $53.4 million in 2000 (before income taxes), compared to $16.6 million in the prior year. Included in gains in 2000 was the sale of an investment in land in downtown Toronto which generated a gain of $7.9 million. The remainder of gains consisted of trading gains mainly in the stock portfolio, which exceeded gains in 1999. Realized gains and losses result from trading decisions which are made to maximize the ongoing economic return of the portfolio and, accordingly, do not follow a predictable pattern from year to year. Despite the high level of investment gains realized in 2000, unrealized gains also increased during the year.

Excluding cash, the investment portfolio mix at December 31, 2000 consisted of 59% bonds (1999 - 62%) and 36% stocks (1999 - 31%). The Dominion manages its investments to provide for the payment of policy liabilities and to provide a return on shareholder's equity. Policy liabilities are supported by fixed income investments, predominantly government bonds and some high quality corporate bonds. High quality preferred shares are also held because of their superior after-tax yields, since their dividends are fully deductible. Given the uncertainty in the quantum and timing of claims payments for property and casualty claims, strict asset and liability matching is neither feasible nor necessarily optimal. The Dominion manages the duration of its fixed income portfolio within a broad range, between 50% to 300% of the duration of claims liabilities, which for The Dominion is between three to four years. The Dominion has typically maintained its asset duration between 100% to 200% of the duration of its claims liabilities in order to pursue the higher yields which are usually available in the longer portion of a normal yield curve. At December 31, 2000, the fixed income duration of 4.4 years is 116% of the claims duration. Given The Dominion's significant mix of bonds and management's deliberate exposure to a longer asset

Report on General Insurance Operations (cont'd)

Mr. George L. Cooke

duration, volatility in the financial markets, particularly in interest rates, can have a significant impact on the market value of the investment portfolio. The Dominion's investment managers proactively monitor market conditions and make adjustments in anticipation of significant changes. The Dominion's usual maturity profile also allows for ongoing liquidity to be maintained such that The Dominion can operate for some time with minimal need to liquidate securities and thus avoid realized losses from disposal at unfavourable market values.

Maintaining sufficient liquidity is essential to fund the ongoing payment of claims, including the increased requirements of a sudden catastrophe. Cash flow from premium collection and from interest and dividends is typically more than adequate for meeting normal claims payments. In addition, The Dominion's mix of bonds maturing within two years has averaged 18% of the fixed income portfolio, as at December 31, over the last five years (24% at December 31, 2000). The ability to more easily dispose of risk-free government bonds, which comprise the majority of the portfolio, provides additional liquidity if necessary.

The Dominion's common stocks and some fixed income securities are considered to be in support of shareholder capital and are therefore managed from a longer term perspective. Emphasis is on quality and capital appreciation for stocks and on quality and higher yields for bonds. The Dominion does not generally invest in real estate and now holds none, other than its own head office property in Toronto of which some space is leased to others.

Outlook

Underwriting results for the Canadian property and casualty industry are expected to continue to be depressed in 2001 as the industry's profit drivers remain weak. High accident year loss ratios present the most significant challenge, flowing from prolonged chronic price competition. The Dominion's plan reflects a continued focus on improving underwriting profitability by reducing the combined ratio significantly over the next three years. Management's focus in 2001, therefore, is: first, to maximize rate increases while retaining the business with the best rate adequacy and, second, to continue to be vigilant in managing operating expenses while implementing ease-of-doing-business initiatives to enhance broker support and increase efficiency. These projects will be funded within the current (or a reduced) level of expense ratio.

There are finally signs that industry prices are rising. Competitors are implementing moderate rate increases, compared with only minimal increases during 2000, and some have implemented severe underwriting restrictions. Nevertheless, price recovery is likely to be gradual over the next several years due to a strong industry balance sheet and competitors' unwillingness to make drastic pricing corrections at the expense of market share. After successfully growing policies in force through a difficult competitive environment, The Dominion is now poised to benefit from a trend of increasing rates on an expanded book of business.

Management's Discussion and Analysis
Report on Life Insurance Operations
Mr. Christopher H. McElvaine

The Empire Life Insurance Company, under the Empire Financial Group name, and its subsidiary, the Concordia Life Insurance Company (collectively "Empire"), provide a broad range of life insurance and investment products, employee benefit plans, and financial services to meet the needs of individuals, professionals, and businesses through a network of Independent Financial Advisors (IFA), Managing General Agents (MGA), and Employee Benefit brokers and representatives.

Overview

Empire reported shareholders' net income of $40.3 million for 2000 compared to $39.3 million for 1999. Capital and Surplus earnings and the Policyholders' share of net income from the individual insurance product line were suppressed by the negative impact that announced decreases in tax rates had on the corporation's future tax asset. In spite of this, improvements in the Shareholder portion of operations' net income from each of the four product lines resulted in record shareholder earnings. The increase in net income was primarily a result of strong investment spreads on matched product lines and favourable claims experience in the insurance lines. The net contribution to E-L Financial's earnings, after adjustment for minority interests, was $32.1 million ($31.3 million for 1999). Empire's consolidated risk based capital ratio, as measured by Minimum Continuing Capital and Surplus Requirements, continued to be very strong and well above minimum requirements.

Consolidated assets were up 7% in the year, an improvement over 1999 when asset levels were up 4%. The life insurance and the investment products lines generated most of this growth. In the latter instance, this was primarily as a result of the acquisition of two blocks of annuity business from the liquidators of Coopérants, Mutual Life Insurance Society and Confederation Life.

The Summary of Life Insurance Operations on page 36 of this Report provides an overview of results for the five-year period from 1996 to 2000. The analysis and discussion which follow, focus on the 2000 and comparative 1999 results for each of the major lines of business.

	(thousands)	
	2000	1999
Net income:		
Segregated Funds	**$ 7,178**	$ 6,832
Investment Products	**4,887**	3,734
Employee Benefits	**131**	(470)
Individual Insurance	**3,162**	6,813
Capital & Surplus	**18,829**	21,766
Net income from Canadian operations	**34,187**	38,675
Net income from subsidiary (net of minority interest)	**396**	153
Net income before undernoted	**34,583**	38,828
Policyholders' portion of income	**(5,687)**	(445)
Minority shareholders' portion of income	**8,198**	7,995
Net profit contribution to E-L Financial	**$ 32,072**	$ 31,278

Segregated funds

The assets in Empire's Segregated Funds increased a disappointing 1% in the year, with market value appreciation offsetting negative net sales. Although negative for the year, net sales improved late in the year. The conservative stances taken on maturity guarantees and in setting investment strategy hurt sales earlier in the year, but enhanced Empire's competitive position later on when the announced increase in capital and reserve requirements for guarantees caused competitors to retrench and the drop in stock markets improved Empire's relative investment performance.

Net income was slightly above the record level this product line achieved in 1999 as the growth in fee income resulting from the increase in the average funds under management was more than sufficient to offset the additional guarantee reserves that were required.

	(thousands) 2000	1999
Fee and other income	$ 42,103	$ 39,765
Benefits and expenses	29,712	27,344
Income and other taxes	5,213	5,589
Net income after tax	$ 7,178	$ 6,832
Assets under management	$1,873,057	$1,846,896

Investment products

Assets in this line of business increased by 18% during 2000 as a result of the acquisition of two blocks of annuity business from Coopérants, Mutual Life Insurance Society and Confederation Life.

Net income for this product line showed improvement for the second consecutive year. The improved performance was attributable to growth in assets coupled with the continued strong investment spreads generated by Empire's asset-liability matching strategy.

	(thousands) 2000	1999
Annuity premiums	$ 68,977	$ 93,129
Fee income	781	768
Investment and other income	74,859	68,232
	144,617	162,129
Benefits and expenses	143,500	159,947
Income and other taxes	(3,770)	(1,552)
Net income after tax	$ 4,887	$ 3,734
Assets under management	$ 988,960	$ 838,411

Employee benefits

Having surpassed its aggressive growth objectives in 1999, the Employee Benefits product line successfully focused its attention on balancing growth and profit during 2000. Fuelled by a 29% increase over 1999's record sales level, improved persistency, and the successful implementation of a marketing agreement with Provident Life and Accident Insurance Company, premium income rose by 43%. Net income also showed improvement over 1999 as strict attention to pricing levels led to improved claims' ratios and the growth in business resulted in lower unit expenses.

	(thousands)	
	2000	1999
Premium income	**$ 94,260**	$ 66,022
Investment and other income	**4,386**	3,604
	98,646	69,626
Benefits and expenses	**96,345**	69,088
Income, premium and other taxes	**2,170**	1,008
Net income (loss) after tax	**$ 131**	$ (470)
Annualized premium sales	**$ 26,292**	$ 20,455

Individual insurance

Annualized sales in 2000 were down 17% from 1999 as both Empire's and Concordia's distribution channels failed to reach their 1999 sales level.

In the last quarter of 2000 Empire introduced a new, innovative universal life product and implemented a new administrative system to support it. Early sales of the product through the IFA network bode well for 2001 results and this, coupled with the planned release of certain products to the MGA network, should reverse the disappointing sales trend that emerged in 2000.

Earnings in 2000 again benefited from favourable mortality experience. However, net income declined from last year's level, primarily as a result of increased expense ratios. The rise in expense ratios was partially a result of last year's one time pension expense saving that contributed positively to the line's 1999 earnings.

	(thousands)	
	2000	1999
Premium income	**$160,957**	$161,781
Investment and other income	**50,457**	68,111
	211,414	229,892
Benefits and expenses	**201,737**	213,952
Income, premium and other taxes	**6,515**	9,127
Net income after tax	**$ 3,162**	$ 6,813
Annualized premium sales	**$ 16,716**	$ 20,142

Capital and surplus

In addition to the four major lines of business, Empire maintains distinct accounts for the investment income attributable to Policyholders' Surplus and to Shareholders' Capital and Surplus. The 2000 contribution to net income from the Policyholders' Surplus account and the Shareholders' Capital and Surplus account was $18.8 million compared to $21.8 million in 1999. Since 1994 Empire has been required to prepay tax on unrealized stock market gains as a result of the introduction of "mark to market" taxes. Because of this prepayment, and the creation of a corresponding future tax asset, the announcement of reductions in future income tax rates during 2000 meant that a portion of the future tax asset then being held could never be realized. As a consequence, Capital and Surplus results in 2000 were reduced by $7.3 million due to the writedown of future tax assets.

Acquisitions

Empire has maintained a long-standing strategy of acquiring blocks of business or operations that complement its existing business. During 2000, Empire's financial results were positively impacted by three agreements. An agreement was signed in 1999 with Coopérants, Mutual Life Insurance Society to assume a block of immediate and deferred annuity business. This transaction closed on January 31, 2000 and added $132 million of assets and liabilities to Empire's balance sheet. In April 2000, the acquisition of a block of Confederation Life deferred annuity business was completed. This acquisition added a further $94 million to assets and liabilities. Under an agreement signed with Provident Life and Accident Insurance Company in 1999, Empire offered Extended Health and Dental benefits to existing Provident group policyholders at their policy renewal date. This program added close to $6 million of premium revenue to the Employee Benefit line of business during 2000.

Empire continues to examine further acquisition opportunities that are consistent with its major lines of business and that have the potential to provide enhanced market opportunity for its products, expense savings, asset growth, and long term earnings.

Risks

Empire faces a broad range of risks and uncertainties in its day to day operations. Being a financial institution, a number of these risks are centred upon Empire's investments and include credit, interest rate, liquidity and foreign exchange risks. Management and Board committees review credit quality relative to investment purchases and also monitor the credit quality of invested assets through time. Empire has an asset-liability matching committee, which reports regularly to the Investment Committee of the Board, and monitors the matched position of investments to the liabilities within the various segments of Empire's operations. The matching process ensures that assets supporting policy liabilities closely match the timing and amount of policy obligations as well as provide the appropriate amount of liquidity. This process addresses the management of interest rate risk, which is the risk of economic losses due to the need to reinvest or divest during periods of changing interest rates, and liquidity risk. The matching process also monitors and aligns the foreign currency position of the assets with the liabilities within the various segments thus managing the risk emanating from changes in foreign exchange rates.

Other risks relating to Empire's operations are described further in the notes to the financial statements.

Report on Life Insurance Operations (cont'd)

Mr. Christopher H. McElvaine

Outlook

The demutualizations of five Canadian mutual life insurance companies were completed in early 2000, and, as expected, are already impacting the Canadian life insurance marketplace. Investors' demand for immediate earnings growth, coupled with the opportunities from a highly competitive reinsurance marketplace have resulted in increased use of reinsurance on new individual insurance business. This approach foregoes longer-term earnings potential but avoids the negative impact that new business financing cost can have on short-term earnings. As investment analysts become more knowledgeable on the complexities of Canadian insurance accounting, more and more demand is expected for "embedded value" calculations which measure the value to the shareholder of both current and future earnings. This increased focus on long term value creation is expected to increase prices for individual insurance products and reduce the amount of new business reinsurance. Thus, the opportunities for companies such as Empire to increase market share through "organic growth", while achieving target returns, are becoming more attractive relative to growth through acquisitions.

Industry consolidation continued in 2000, with Manulife and American International Group purchasing the Canadian life operations of Commercial Union and Norwich Union respectively. The trend to fewer players and the increased pressure for reasonable rates of return on investments from each product line, have led to higher prices and profit margins in the employee benefits marketplace. Thus, Empire's focus on balanced growth and profit is expected to enhance its strong presence in the small group marketplace while simultaneously showing improving returns.

On the wealth management side of the business, the introduction of additional reserve and capital requirements for segregated fund guarantees has already created market change. As companies with "aggressive" guarantees have either retrenched or raised fees, Empire's long time conservative stance on guarantees has enhanced its competitive position and is expected to significantly improve its 2001 net sales.

Empire continues to maintain a strong balance sheet and capital position. Capital is well in excess of minimum regulatory requirements as measured by the Minimum Continuing Capital and Surplus Requirements. Empire's "A" (Excellent) rating from A.M. Best Company provides third party confirmation of this strength. With Empire's strong capital base we are well positioned to capitalize on the opportunities which exist in today's market while maintaining Empire's enviable earnings history.

Empire remains committed to the distribution of its products through qualified intermediaries who can provide the counsel consumers need to fulfil their financial goals. Empire intends to continually enhance the technology and service support that these advisors need to service their clients. The strengthening of Empire's relationship with its producing partners and a focus on developing new relationships with quality producers is the key element in achieving Empire's growth goals.

Financial Corporation Limited and subsidiary companies

(Incorporated under the laws of Ontario)

Management Report

The accompanying consolidated financial statements of E-L Financial Corporation Limited and its subsidiaries and all information in the annual report are the responsibility of management and have been approved by the Board of Directors. The financial statements necessarily include amounts that are based on judgements, which are applied consistently and are considered appropriate in the circumstances.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial and operating data elsewhere in the annual report are consistent with the information contained in the financial statements.

The Company and its subsidiaries maintain systems of internal control which are designed to provide reasonable assurance that assets are safeguarded, that transactions are properly recorded and that financial records are reliable for preparing the financial statements.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee and the Audit Committees of its subsidiaries. These Audit Committees meet periodically with management and with the internal and external auditors to discuss the scope and results of audit examinations with respect to internal controls and financial reporting of the Company and its subsidiaries. The Audit Committees also meet periodically with the appointed actuaries.

The actuaries are appointed by the boards of directors of the insurance subsidiaries to conduct an annual valuation of policy liabilities, in accordance with accepted actuarial practices, and to report on whether the valuations are appropriate and whether their results are fairly presented in the subsidiaries' financial statements. The appointed actuaries use the work of the external auditors in verifying data used for valuation purposes.

Deloitte & Touche LLP has been appointed external auditors. It is their responsibility to report to the shareholders regarding the fairness of presentation of the Company's consolidated financial position and results of operations as shown in the annual financial statements. In carrying out their audit, the external auditors also make use of the work of the actuaries and their reports on policy liabilities. The external auditors have full and free access to, and meet periodically with, the Audit Committees to discuss their audits. The Auditors' Report outlines the scope of their examination and their opinion.

The Honourable Henry N.R. Jackman
Chairman and President

Mark M. Taylor
Vice-President, Finance and Secretary

Consolidated Balance Sheets
(thousands of dollars)

As at December 31,

Assets	**2000**	1999 (Note 2)
Portfolio investments, at market value (Note 3)	**$ 556,400**	$ 454,080
Investments - insurance operations (Note 4)	**3,072,883**	2,682,227
Cash and cash equivalents	**207,918**	283,733
Premiums receivable	**140,876**	128,395
Investment income accrued	**29,907**	29,113
Deferred acquisition expenses	**73,034**	72,805
Reinsurance recoverable (Note 5)	**142,774**	132,227
Future income taxes (Note 11)	**70,055**	53,913
Other assets (Note 7)	**86,504**	96,605
	$ 4,380,351	$ 3,933,098
Segregated funds assets	**$ 1,873,057**	$ 1,846,896

Auditors' Report

To the Shareholders of
E-L Financial Corporation Limited

We have audited the consolidated balance sheets of E-L Financial Corporation Limited as at December 31, 2000 and 1999 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Toronto, Canada
February 22, 2001

Liabilities	2000	1999 (Note 2)
Policy liabilities (Note 5)	**$2,790,435**	$2,481,750
Policyholders' funds on deposit	**36,652**	36,026
Income and other taxes payable	**21,780**	46,044
Provision for profits to policyholders	**11,525**	10,631
Deferred realized net gains on investments (Note 6)	**167,515**	136,208
Other liabilities	**74,078**	74,246
Future income taxes on unrealized appreciation of portfolio investments (Notes 3 and 11)	**22,827**	29,756
	3,124,812	2,814,661
Minority interest	**70,567**	63,084
Participating policyholders' interest	**45,281**	50,968
	115,848	114,052
Shareholders' Equity		
Capital stock (Note 9)	**7,892**	7,892
Retained earnings (Note 9)	**839,972**	768,503
Unrealized appreciation of portfolio investments (Note 3)	**291,827**	227,990
	1,139,691	1,004,385
	$4,380,351	$3,933,098
Segregated funds liabilities	**$1,873,057**	$1,846,896

Approved by the Board

The Honourable Henry N.R. Jackman, Director

J. Christopher Barron, Director

Consolidated Statements of Income
(thousands of dollars except per share amounts)

	Years Ending December 31,	
	2000	1999 (Note 2)
Revenue		
Insurance premiums	**$ 849,088**	$ 782,465
Annuity premiums	**68,977**	93,129
Investment and other income	**252,960**	257,649
Amortization of realized investment gains	**25,881**	20,674
Amortization of unrealized investment gains	**12,245**	10,937
Gain on sale of investments	**58,038**	20,992
	1,267,189	1,185,846
Expenses		
Claims and policy benefits	**811,833**	771,982
Commissions	**150,190**	146,584
Operating	**134,851**	133,841
	1,096,874	1,052,407
Operating Income Before the Undernoted Items	**170,315**	133,439
Taxes		
Income (Note 11)	**56,850**	38,358
Premium	**25,013**	22,976
Investment and capital	**2,145**	2,263
	84,008	63,597
Net Operating Income	**86,307**	69,842
Policyholders' and Minority Shareholders' Portion of Income	**12,918**	17,420
Net Income (Note 12)	**$ 73,389**	$ 52,422
Earnings per Share	**$ 19.11**	$ 13.65

Consolidated Statements of Retained Earnings
(thousands of dollars)

	Years Ending December 31, 2000	1999 (Note 2)
Retained earnings, beginning of year	**$ 768,503**	$ 718,001
Net income	**73,389**	52,422
	841,892	770,423
Dividends (Note 9)	**(1,920)**	(1,920)
Retained earnings, end of year	**$ 839,972**	$ 768,503

Consolidated Statements of Cash Flows
(thousands of dollars)

	Years Ending December 31, 2000	1999 (Note 2)
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net income	**$ 73,389**	$ 52,422
Items not affecting cash resources:		
Increase in net policy liabilities	**72,390**	70,361
Gain on sale of investments	**(58,038)**	(20,992)
Future income taxes	**(16,142)**	(23,770)
Other items	**(81,925)**	(14,805)
Policyholders' dividends	**(10,113)**	(9,780)
Net sales (purchases) of short-term investments - insurance operations	**17,178**	(8,885)
	(3,261)	44,551
Net change in other assets and liabilities	**(10,117)**	19,765
	(13,378)	64,316
Financing		
Dividends to shareholders	**(1,920)**	(1,920)
Investing		
Purchases of investments	**(1,402,801)**	(810,107)
Proceeds from sale of investments	**1,146,859**	831,163
Net purchases of short-term investments	**(27,767)**	(3,331)
Net purchases of other assets	**(3,160)**	(10,111)
Cash from insurance policy block acquisitions (Note 18)	**225,748**	—
	(61,121)	7,614
(Decrease) increase in cash and cash equivalents	**(76,419)**	70,010
Cash and cash equivalents, beginning of year	**265,035**	195,025
Cash and cash equivalents, end of year (Note 19)	**$ 188,616**	$ 265,035

(all dollar figures expressed in thousands)

1. Nature of the business

E-L Financial Corporation Limited ("the Company") is an investment holding company.

The Company has two operating insurance subsidiaries, The Dominion of Canada General Insurance Company ("Dominion") and The Empire Life Insurance Company ("Empire"). Dominion underwrites property and casualty insurance ("general insurance") while Empire underwrites life and health insurance policies and annuity contracts (collectively "life insurance") for individuals and groups. Both subsidiaries are registered under the Insurance Companies Act and operate in most provinces and territories across Canada.

In addition, the Company manages a portfolio of publicly traded fixed income and equity securities both directly and indirectly through a number of closed-end investment fund corporations and other investment companies ("portfolio investments").

2. Summary of significant accounting policies

Basis of presentation

These consolidated financial statements include the accounts of Dominion (including Dominion's wholly-owned subsidiary, Chieftain Insurance Company) and 1127334 Ontario Inc. (both wholly-owned); E-L Financial Services Limited (81.0% owned) and its 98.3% owned subsidiary company, Empire (including Empire's wholly-owned subsidiary Concordia Life Insurance Company ("Concordia") and Empire's 51% owned subsidiary company, GRENEL Financial Corporation.)

Accounting policy changes

Our January 1, 2000, the Company adopted the new standards of the Canadian Institute of Chartered Accountants for Corporate Income Taxes and Employee Future Benefits.

The new tax accounting rules follow the liability method (replacing the former accrual method) whereby temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet are measured at the substantively enacted tax rates for the periods in which the temporary differences are expected to reverse. The Corporate Income Taxes standard has been applied retroactively and prior period balance sheet items have been restated as follows:

Increases in:	1999
Future income taxes asset	$ 4,953
Retained earnings, beginning of year	3,014
Retained earnings, end of year	2,837
Policyholders' equity	1,346
Minority interest liability	770

The 1999 tax expense increased by $177 and the current year's tax expense has increased by $8,822 as a result of adopting this new standard. Unrealized appreciation of portfolio investments increased by $4,740 in 2000 as a result of adopting the new standard.

The new accounting rules for employee future benefits require accrual accounting for post-retirement benefits while they are earned, during active service by employees, and modify certain requirements relating to the former accrual accounting rules for pension benefits. The Employee Future Benefits rules have been applied prospectively as at January 1, 2000. The impact of adopting this new standard on 2000 net income is a decrease of $1,127.

General accounting policies

Short-term investments

Short-term investments consist of treasury bills, commercial paper and bankers' acceptances with maturities of greater than three months and less than one year when acquired. Treasury bills, commercial paper and bankers' acceptances with maturities of three months or less from the date of acquisition are classified as cash equivalents. These investments are carried at cost, which approximates fair value.

Dividends and interest

Dividend income is recognized on the ex-dividend date. Interest income is recognized as it is earned.

Employee future benefit plans

The Company accrues its obligations for its employee benefit plans, net of plan assets. The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and using management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. The transition asset arising on the adoption of the new accounting rules is being amortized over the average remaining service period of active employees. The excess of the net actuarial gain (loss) over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

Portfolio investments

The significant accounting policies applied to the Company's portfolio investments are as follows.

Investments

Portfolio investments are carried at market value. For publicly traded securities, market value is determined based on closing market quotations. Securities which are not publicly traded represent shares in certain investment companies, for which market value is determined based on the market values of the underlying net assets. The investment portfolios held by these companies are comprised of publicly traded securities.

Realized gains and losses on sale of investments, measured as the difference between average cost and sales proceeds, are recognized in the income statement on the date of disposal. Unrealized gains and losses which arise through changes in the market value of portfolio investments, net of the relevant future income taxes, are recorded through Unrealized appreciation of portfolio investments which is a separate component of shareholders' equity.

Future income taxes

Future income taxes are recorded with respect to the potential future tax liability, measured at substantively enacted tax rates, related to the unrealized appreciation in investment values.

Insurance operations

The accounting policies applied in the general and life insurance industries differ in various respects. The differences mainly affect investments and policy liabilities as explained below.

Investments

Investments in bonds and debentures are carried at amortized cost and mortgages are carried at amortized cost less repayments. Investments in stocks, real estate and commercial loans are carried at cost except as described below.

For the general insurance operation, gains and losses on the sale of investments are recognized on the date of disposal.

For the life insurance operation, unrealized gains and losses on stocks and real estate are amortized to income at annual rates of 15% and 10%, respectively. The accumulated unrealized gains and losses amortized to income are included in the balance sheet with the related investments and are separately disclosed in Note 4. Realized gains and losses on stocks are deferred and amortized to income at a 15% annual rate. Realized gains and losses on the sale of bonds and mortgages are deferred and amortized to income over the lesser of the period to maturity or twenty years from the date of sale. The unamortized realized gains and losses for bonds, mortgages and stocks are included in the balance sheet as Deferred realized net gains on investments.

Investments with a permanent impairment in value are written down to their estimated realizable value.

Loans on policies are carried at their unpaid balance and are either fully secured by the cash surrender values of the life insurance policies on which the respective loans are made or secured by the assignment of a life insurance policy to the life insurance operation.

Derivatives

In the ordinary course of business, the life insurance operation uses futures contracts, call options and foreign currency forward contracts to match policy obligations that vary with a variety of indices or foreign currencies. These financial instruments are marked to market and the unrealized gains and losses are recognized in income in the period.

The life insurance operation also uses futures contracts to partially match Shareholders' and Policyholders' equity. Realized and unrealized gains or losses on futures used for this purpose are accounted for in the same manner as common and preferred shares.

The notional amounts of derivatives are not recognized in the financial statements.

Deferred acquisition expenses

In the life insurance operation, distribution costs of segregated funds having a deferred sales charge, are deferred and amortized over the term of the related deposits or the applicable period of such sales charges, as appropriate.

Deferred acquisition expenses for the general insurance operation, comprised primarily of commissions and premium taxes, are amortized over the periods in which the premiums are earned. Premiums are earned on a straight line basis over the term of the related policies.

Policy liabilities

Policy liabilities are computed in accordance with the standards of the Canadian Institute of Actuaries. Annually, each insurance subsidiary obtains an actuarial opinion on the appropriateness of the policy liability amounts recorded in its financial statements. These opinions also incorporate related amounts for reinsurance recoverable and deferred acquisition expenses, relating to the general insurance operations, that are recorded as assets in the balance sheet. The bases used for estimating each of general and life insurance policy liabilities are described below.

General insurance policy liabilities include provisions for unearned premiums and unpaid and unreported claims. The provision for unpaid and unreported claims provides for all costs of investigation and settlement of insurance losses that have occurred prior to the year end, net of anticipated salvage and subrogation. Estimates must be made of the ultimate costs for known or reported claims as well as an estimate for those claims incurred but not yet reported. Many assumptions underlie these estimates such as claims frequency and severity, claims payment trends, inflation and interest rates, as well as potential changes in legislation and in the interpretation of liability by the courts.These estimates do not recognize the time value of money except for policy liabilities for automobile accident benefit payments.

(all dollar figures expressed in thousands)

Life insurance policy liabilities are calculated using the policy premium method. They represent the estimated amount which, together with estimated future premiums and investment income, will be sufficient to fund future benefits, dividends, expenses and taxes on policies in force. The liabilities incorporate management's best estimate assumptions regarding such factors as mortality and morbidity, investment returns, rates of policy terminations, level of operating expenses, inflation, policyholder dividends and taxes.

All changes in policy liability estimates are recorded in Claims and policy benefits in the statement of income in the period in which they occur.

Reinsurance ceded

Reinsurance is ceded to other insurers in order to limit exposure to unusual losses. Reinsurance ceded does not relieve the operation of its primary liability. Ceded reinsurance premiums and reinsurance recoveries on claims and policy benefits incurred are recorded as a reduction of the respective income and expense amounts. Estimates of amounts recoverable from reinsurers in respect of general insurance policy liabilities and unearned premiums are recorded as Reinsurance recoverable on the balance sheet.

Participating policyholders' interest

Certain life, disability and annuity policies are defined as participating policies by contractual provisions, and are eligible for periodic dividends. The distribution of dividends is made from the earnings attributed to the performance of the participating business.

Segregated funds

The segregated fund asset and liability amounts in the balance sheet are in respect of investment funds held on behalf of insurance policyholders.

The consolidated statement of income includes fee income earned from the segregated fund business.

Investments held in the segregated funds are carried at market values.

3. Portfolio investments

	2000		1999	
	Cost	**Market Value**	Cost	Market Value
Short-term investments	**$ 31,098**	**$ 31,098**	$ 3,331	$ 3,331
Bonds and debentures	**118,398**	**118,742**	100,617	95,543
Common and preferred stocks	**92,250**	**406,560**	92,386	355,206
	$ 241,746	**$ 556,400**	$ 196,334	$ 454,080

Market values for bonds and debentures are based on publicly quoted prices. Market values for publicly traded equity securities are based on closing market quotations. Where equity securities are not publicly traded, market values are determined based on the market value of the net assets underlying those entities. Realization on the market value appreciation of equity investments held is dependent in part on the timing of distribution of cash dividends by these entities or the ultimate disposition of the Company's interest in these entities.

The Company's investments in common and preferred stock are held in entities that can be significantly influenced by a party that can significantly influence the Company. Included in the consolidated statement of income are cash dividends from these companies amounting to $14,709 (1999 - $13,541).

(all dollar figures expressed in thousands)

The Company's bond and debenture portfolio is comprised of 69% (1999 - 68%) Canadian federal and provincial bonds. Bond and debenture investments have the following maturity profile: 28% (1999 - 37%) less than three years, 11% (1999 - 13%) between three and five years, and 61% (1999 - 50%) over five years. The effective interest rate on this portfolio is 5.8% (1999 - 5.4%) and the portfolio duration is 5.6 years (1999 - 5.3 years). The net change in Unrealized Appreciation of Portfolio Investments is comprised of the following:

	2000	1999
Unrealized appreciation of portfolio investments, beginning of year	$ 227,990	$ 228,235
Increase (decrease) in market value of portfolio investments	61,584	(4,653)
Realized gains during the year	(4,676)	(4,362)
Impact of change in substantively enacted future tax rates	13,697	—
Decrease (increase) in provision for taxes on unrealized appreciation	(12,976)	3,670
Taxes paid on non-cash dividends received	6,208	5,100
Unrealized appreciation of portfolio investments, end of year	$ 291,827	$ 227,990

Certain of the investments held distribute accumulated value by way of stock dividends, which are taxable to the Company when received, and accordingly reduce the provision for income taxes on unrealized appreciation.

4. Investments - insurance operations

The carrying values and market values of investments are as follows:

	2000		1999	
	Carrying Value	Market Value	Carrying Value	Market Value
Short-term investments	$ 50,533	$ 50,533	$ 67,711	$ 67,711
Bonds and debentures	1,759,344	1,871,439	1,524,097	1,557,301
Mortgages and commercial loans	265,702	272,081	260,256	263,539
Common and preferred stocks	754,145	884,578	581,217	710,390
Real estate	7,899	10,839	10,008	22,726
Loans on policies	202,988	202,988	207,615	207,615
Amortized unrealized gains on investments	32,272	—	31,323	—
	3,072,883	3,292,458	2,682,227	2,829,282
Less: matched securities	(1,783,151)	(1,892,674)	(1,544,886)	(1,585,292)
	$1,289,732	$1,399,784	$1,137,341	$1,243,990

(all dollar figures expressed in thousands)

Market values for bonds and debentures and common and preferred stocks are based on publicly quoted prices. Due to the nature of loans on policies, market value is assumed to be equal to carrying value. Market value for mortgages and commercial loans reflects a revaluation of the underlying cash flows based on current market interest rates. Market values for each real estate property are established periodically by qualified appraisers. Market values, which are shown without providing for any sale transaction costs, represent an approximate measure of fair value.

Matched securities include certain investments acquired to match life insurance policy liabilities by quality, yield and maturity. Fluctuations in the market values of these matched securities usually will not have any net impact upon future income.

The remaining investments are held to maintain sufficient liquidity to pay general insurance claims as they come due and to provide an appropriate return on policyholders' and shareholders' equity, a significant portion of which must be maintained to satisfy regulatory minimum capital requirements.

Canadian federal and provincial bonds comprise 67% (1999 - 72%) of the general insurance operations bonds and debentures. These bonds and debentures have the following maturity profile: 24% (1999 - 20%) within two years, 31% (1999 - 37%) between two and five years and 45% (1999 - 43%) over five years. The effective interest rate of these bonds and debentures is 5.8% (1999 - 6.4%) and the portfolio duration is 4.4 years (1999 - 4.2 years).

Allowances have been provided on impaired investments. Allowances for impairment amounted to $7,342 (1999 - $8,947) on investments of $17,066 (1999 - $25,141).

The shareholders' proportion of any gains or losses to be realized on life insurance operation investments will be reduced by amounts attributed or allocated to policyholders' and minority interests.

5. Policy liabilities

Policy liabilities are comprised of:

	2000			1999		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
General insurance unearned premiums provision	**$ 302,508**	**$ 3,225**	**$ 299,283**	$ 283,566	$ 2,722	$ 280,844
General insurance unpaid and unreported claims provision	**645,683**	**60,257**	**585,426**	594,239	53,835	540,404
Life insurance benefits and expense provision	**1,842,244**	**79,292**	**1,762,952**	1,603,945	75,670	1,528,275
	$2,790,435	**$ 142,774**	**$2,647,661**	$2,481,750	$132,227	$2,349,523

(all dollar figures expressed in thousands)

General insurance unearned premiums provision represents the portion of premiums that relate to the unexpired term of underlying insurance policies. These amounts are determined to be sufficient to fund anticipated claims and expenses.

The change in net policy liabilities from the prior year, excluding the general insurance unearned premium provision, is outlined below:

	2000	1999
General insurance		
Balance, beginning of year	$ 540,404	$ 508,079
Prior year claims development	(11,264)	(1,109)
Current year claims incurred	471,345	415,843
Claims payments	(415,059)	(382,409)
Balance, end of year	$ 585,426	$ 540,404
Life insurance		
Balance, beginning of year	$ 1,528,275	$ 1,512,231
Changes in valuation assumptions	(4,200)	(700)
Normal changes - new business	102,120	111,896
- in-force business	(88,991)	(95,152)
Insurance policy block acquisitions	225,748	—
Balance, end of year	$ 1,762,952	$ 1,528,275

In the absence of an active market for the sale of claims liabilities, it is difficult to determine the fair value of the general insurance unpaid and unreported claims provision and reinsurance recoverable. One appropriate representation of fair value is the discounted value as determined by accepted actuarial practice. As at December 31, 2000 the actuarially discounted value of unpaid and unreported claims is $625,000 (1999 - $569,000) and of reinsurance recoverable is $52,000 (1999 - $44,000).

The general insurance unpaid and unreported claims provision does not include amounts for claims where obligations to claimants have been settled by the purchase of annuities from life insurance companies. The general insurance operation guarantees the life insurers' obligations under these annuities which are estimated to be $138,477 (1999 - $131,956) based on the net present value of the projected future cash flows. The Company considers the credit risk of such guarantees to be insignificant.

Note 4 shows the relationship between fair values and carrying values of matched assets relating to the life insurance operation. The Company has estimated that any increase or decrease in the fair value of the matched asset portfolio would result in a corresponding increase or decrease in the fair value of the related policy liabilities of approximately the same amount.

The provisions described above are estimates and accordingly, the actual amounts that are ultimately incurred will differ. The likelihood of significant differences from amounts currently provided increases with the length of the time until the settlement amounts of claims and the timing of other benefits are established. A significant proportion of the Company's policy liabilities are long-term. Management of the Company is satisfied that current estimates constitute a prudent assessment of these liabilities.

6. Deferred realized net gains on investments

Deferred realized net gains, which arise from the life insurance operation, include approximately $73,000 (1999 - $65,000) of net gains related to bonds and mortgages that are matched to policy liabilities. When amortized, the gains on matched investments will not result in any net increase in future income.

(all dollar figures expressed in thousands)

7. Other assets

Other assets are comprised of the following:

	2000	1999
Due from Facility Association	$ 23,072	$ 26,488
Goodwill (net of accumulated amortization of $2,535 (1999 - $1,897))	5,094	7,588
Capital assets, at cost (net of accumulated amortization of $42,409 (1999 - $35,395))	23,086	23,617
Due from reinsurance companies	6,992	12,983
Pension asset (Note 13)	13,467	14,650
Other	14,793	11,279
	$ 86,504	$ 96,605

Facility Association is an insurance plan, operated on behalf of the automobile insurance industry, that provides coverage to higher risk automobile drivers. Results are pooled and shared among automobile insurers.

Goodwill, representing the excess of acquisition cost of Concordia shares over the assigned value of net assets acquired, is being amortized on a straight line basis over 10 years. During 2000, goodwill was reduced by $1,656 to reflect an adjustment to the original acquisition cost of Concordia on partial settlement of a promissory note issued as partial consideration for the purchase.

8. Reinsurance

In the normal course of business, the insurance subsidiaries cede reinsurance to other insurers in order to limit exposure to unusual losses. The general insurance operation's exposure to claims was limited as follows: $3,000 for an automobile claim; $750 for personal and commercial property claims; $1,250 for a casualty claim; and $2,500 for a surety claim. The general insurance operation also has a catastrophe reinsurance arrangement providing coverage up to $400,000, in the event of a series of claims arising out of a single occurrence, under which the general insurance operation is responsible for the first $15,000 plus 2.5% of the first $60,000 of claims exceeding that retention level. The life insurance operation's exposure to claims is limited to $500 on any one life. These reinsurance arrangements are reflected in the consolidated statement of income as a reduction of $44,102 (1999 - $34,860) in insurance premiums.

9. Shareholders' equity

Capital stock

		2000	1999
Authorized:			
4,402,733	preference shares, issuable in series		
10,597,267	common shares		
Issued:			
264	Series A convertible preference shares	$ 1	$ 1
3,840,248	common shares	7,891	7,891
		$ 7,892	$ 7,892

(all dollar figures expressed in thousands)

The Series A convertible preference shares are convertible in perpetuity into common shares on a share for share basis and are entitled, when and if declared, to a non-cumulative dividend of $0.50 per share per annum.

Both the Series A convertible preference and common shares received dividends of $0.50 per share in 2000 and 1999.

Shareholders' entitlement to $5,031 (1999 - $5,514) of shareholders' equity is contingent upon future payment of dividends to participating life insurance policyholders.

10. Capital adequacy of insurance subsidiaries

The Company's insurance subsidiaries are required to maintain capital and surplus in excess of minimums established through regulatory tests applied by the Office of the Superintendent of Financial Institutions. Each subsidiary has capital and surplus in excess of the required minimum levels.

11. Income taxes

The combined statutory Canadian federal and provincial tax rate applicable to the Company and its subsidiaries in 2000 approximates 43.5% (1999 - 44.9%). Income taxes are assessed on operating income after deducting premium taxes and investment taxes. The effective tax rate varies from the combined statutory rate as follows:

	2000	1999
Income taxes at statutory rate	**$ 62,175**	$ 48,520
Variance as a result of:		
Tax-paid investment income	**(10,810)**	(7,834)
Policy dividends	**(4,329)**	(4,207)
Reductions in enacted future tax rates	**8,822**	—
Other	**992**	1,879
Income tax provision	**$ 56,850**	$ 38,358

The Company's income tax expense includes provisions for current and future taxes as follows:

	2000	1999
Current	**$ 72,992**	$ 62,128
Future	**(16,142)**	(23,770)
	$ 56,850	$ 38,358

The future income tax asset relates to the insurance operations and arises primarily due to taxes paid on the net change in market value of investments and differences in the timing of deduction of claims and policy benefit expenses for tax purposes.

Future income taxes on unrealized appreciation of portfolio investments represents the estimated tax that would ultimately be payable on realization of these gains.

(all dollar figures expressed in thousands)

During 2000, the Company and its subsidiaries paid income tax instalments totalling $90,349 (1999 - $33,309) and received income tax refunds totalling $1,093 (1999 - $22,799).

Dominion has unused tax losses of $2,034 expiring in 2006 and $2,360 expiring in 2007. Such losses have been recognized as recoveries of future tax ($943 in 2000 and $907 in 1999).

The Company also has accumulated refundable dividend tax of $14,317 (1999 - $10,919). The potential benefit of this amount has not been reflected in these financial statements.

12. Analysis of net income

Components of net income, each net of policyholders' and minority shareholders' interest, is as follows:

	2000	1999
Income excluding undernoted	$ 30,491	$ 30,510
Amortization of investment gains and losses	11,633	13,384
Gain on sale of investments	31,265	8,528
	$ 73,389	$ 52,422

Net income for 2000 includes $2,948 (1999 - $3,469) of amortized realized gains relating to the 1997 disposition of the Company's investment in National Trustco Inc. There remains $16,708 (1999 - $19,656) to be amortized over future years to net income at a 15% annual rate.

(all dollar figures expressed in thousands)

13. Employee future benefit plans

Pension benefit plans include defined benefit plans available to certain employee and executive groups, as well as certain defined benefits elected to be retained on conversion of Dominion's defined benefit plan to a money purchase plan in 1994. The Company and its subsidiaries also provide for extended health care coverage and other future benefits to qualifying employees and retirees.

	2000	
	Pension Benefit Plans	**Other Benefit Plans**
Accrued benefit obligation	$ 81,123	$ 10,771
Plan assets at fair value	105,450	—
Plan surplus (deficit)	24,327	(10,771)
Unamortized net actuarial loss (gain)	(4,520)	34
Unamortized transitional obligation (asset)	(7,487)	7,658
Net accrued benefit asset (liability) recognized in the balance sheet	$ 12,320	$ (3,079)
Accrued benefit obligation		
Balance at beginning of year	$ 76,208	$ 9,968
Current service cost	2,532	458
Employee contributions	1,069	—
Interest cost	5,295	714
Benefits paid	(3,811)	(368)
Actuarial gains	(170)	(1)
Balance at end of year	$ 81,123	$ 10,771
Plan assets		
Fair value at beginning of year	$ 97,659	$ —
Actual return on plan assets	11,536	—
Employer contributions	666	—
Employee contributions	1,069	—
Transfer to fund employer contributions to employee money purchase plan	(1,669)	—
Benefits paid	(3,811)	—
Fair value at end of year	$ 105,450	$ —
Net pension expense (income)		
Current service cost	$ 2,532	$ 458
Interest cost	5,295	714
Expected return on plan assets	(7,187)	—
Amortization of transitional obligation (asset)	(534)	670
Net benefit expense	$ 106	$ 1,842

(all dollar figures expressed in thousands)

The following weighted average assumptions were used in actuarial calculations :

- Discount rate of 6.9% for pension benefits and 7.0% for other benefits;
- Expected long term rate of return on plan assets of 7.5% for pension benefits;
- Salary escalation of 5.0% for pension benefits;
- Health care cost escalation of 4.3% for other benefits.

The liability portion of the net accrued pension benefit asset is included in Other liabilities. As at December 31, 1999, prior to the adoption of the Employee Future Benefits standard, the estimated market value of the assets available to cover defined pension benefit obligations was $92,140 and the accrued pension obligations were $65,292. The Company and its subsidiaries also maintain money purchase staff pension plans available to employees. Pension expense relating to these plans was $1,755 (1999 - $1,783).

14. Segmented information

In managing its investments, the Company distinguishes between its portfolio investments, its investment in general insurance (Dominion) and its investment in life insurance (Empire).

	2000			
	Portfolio Investments	Dominion	Empire	Total
Premiums	$ —	$ 593,871	$ 324,194	$ 918,065
Amortization of realized and unrealized investment gains	—	—	38,126	38,126
Gain on sale of investments	4,676	53,362	—	58,038
Investment and other income	18,150	57,787	177,023	252,960
Taxes	12,593	39,377	32,038	84,008
Policyholders' and minority shareholders' portion of income	—	—	12,918	12,918
Segment net operating income	8,642	32,675	32,072	73,389
Segment invested assets	565,255	1,345,856	2,469,240	4,380,351

	1999			
	Portfolio Investments	Dominion	Empire	Total
Premiums	$ —	$ 554,662	$ 320,932	$ 875,594
Amortization of realized and unrealized investment gains	—	—	31,611	31,611
Gain on sale of investments	4,362	16,630	—	20,992
Investment and other income	17,356	54,891	185,402	257,649
Taxes	11,407	25,247	26,943	63,597
Policyholders' and minority shareholders' portion of income	—	—	17,420	17,420
Segment net operating income	8,887	12,257	31,278	52,422
Segment invested assets	498,858	1,247,598	2,186,642	3,933,098

(all dollar figures expressed in thousands)

15. Lease commitments

Future minimum payments under operating leases and other commitments are as follows:

2001	$ 11,261
2002	7,886
2003	5,097
2004	2,720
2005	1,077
Thereafter	1,556
	$ 29,597

16. Risk factors and their management

The Company and its subsidiaries, Dominion and Empire, face various risk factors, inherent to their activities, including risk factors peculiar to insurance operations. These risk factors and their management are described below.

Credit risk, interest rate risk and liquidity risk

The management of investments is conducted in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by Board committees. Management and Board committees review credit quality of investment purchases and also monitor the credit quality of invested assets, over time.

The management of investments is key to matching policy liabilities and earning an appropriate return on investments matched to equity.

Dominion's executives manage liquidity relative to the anticipated pay-out patterns of general insurance claims and, within those constraints, aim to maximize investment income.

Empire's financial, actuarial and investment executives meet regularly throughout each year to monitor the matching of investments to policy liabilities. This process is designed to ensure that interest rate and liquidity risks are managed appropriately. This matching is particularly important relative to investment products, such as annuities.

Pricing risk

Dominion and Empire price their products with the intention of achieving appropriate profitability in the face of obligations that are uncertain due to a number of factors, including the prospect that they may take many years to mature.

Dominion faces uncertainties involving claims frequency and severity, claims payment trends, investment returns as well as potential changes in legislation and in the interpretation of liability by the courts. Empire faces uncertainties involving mortality, investment returns, expense levels and lapsing of policies.

Product pricing is established through consideration of the companies' actuarial assessment of current claims exposures and anticipated trends in the risk factors described above.

(all dollar figures expressed in thousands)

In addition, Dominion and Empire establish policies regarding the amount of risks underwritten which they are prepared to retain, taking into consideration the risk to their available equity. Amounts in excess of that retention are reinsured with external reinsurers.

Business risks

The Company faces a broad range of business risks including: market risks; internal control risks; consumer risks related to sales practices; distribution risks; ongoing strong competition in the insurance marketplace; regulatory constraints on automobile insurance pricing; and various forms of litigation.

The Company and its Board of Directors monitor risks on an ongoing basis, requiring regular reports from management on all key developments and on how planning and other control procedures are being applied to identify and minimize such risks.

To date the Company has not experienced any material adverse effects from such business risks and believes its control procedures minimize the exposure to such risks in the future.

17. Derivative financial instruments

In the ordinary course of business, as part of an asset-liability management program, the life insurance operation uses various call options, futures contracts and foreign currency forward contracts to match policy obligations that vary with a variety of indices. In addition, the life insurance operation uses futures contracts and foreign currency forward contracts to partially match Shareholders' and Policyholders' equity. The notional amounts of these financial instruments are not recognized in the financial statements.

	Notional Amount	Fair Value
Equity index options	$ 550	$ 211
Equity index futures	$ 134,074	$ 549
Foreign currency forwards	$ 40,712	$ (199)

Fair value represents the estimated cost of replacing all contracts with a positive value at current quoted market prices, net of those in a negative position.

In the Company's opinion, these positions, which are actively monitored, do not represent any unusual risk and no significant losses are anticipated.

18. Insurance policy block acquisitions

During 2000 Empire acquired a block of immediate annuity and deferred annuity policies and a block of deferred annuity policies. In connection with these transactions, Empire assumed policy liabilities of $225,748 and received an equal amount of cash.

(all dollar figures expressed in thousands)

19. Cash and cash equivalents

Components of cash and cash equivalents for purposes of the statement of cash flows are as follows.

	2000	1999
Cash and cash equivalents	$ 207,918	$ 283,733
Bank indebtedness	(19,302)	(18,698)
	$ 188,616	$ 265,035

20. Comparative information

Certain comparative information has been reclassified to conform to the basis of presentation adopted in 2000.

Summary of Consolidated Results

(all dollar figures expressed in thousands except per share amounts)

	2000	1999 (1)	1998	1997	1996
Premium income	**$ 918,065**	$ 875,594	$ 822,513	$ 805,187	$ 766,606
Gain on sale of investments	**58,038**	20,992	25,439	118,820	5,466
Amortization of realized and unrealized investment gains	**38,126**	31,611	26,444	25,508	19,003
Investment and other income	**252,960**	257,649	244,506	197,526	184,560
Total revenues	**1,267,189**	1,185,846	1,118,902	1,147,041	975,635
Claims and policy benefits	**811,833**	771,982	698,507	678,051	613,897
Expenses (including commissions)	**285,041**	280,425	282,914	240,863	229,433
Taxes paid to governments	**84,008**	63,597	65,414	50,149	57,315
	86,307	69,842	72,067	177,978	74,990
Policyholders' and minority shareholders' portion of income	**12,918**	17,420	14,902	11,592	16,878
Net income	**$ 73,389**	$ 52,422	$ 57,165	$ 166,386	$ 58,112
Net income per share	**$ 19.11**	$ 13.65	$ 14.88	$ 43.32	$ 15.13
Assets					
Cash and cash equivalents	**$ 207,918**	$ 283,733	$ 215,016	$ 272,961	$ 134,888
Portfolio investments, at market	**556,400**	454,080	457,032	441,410	354,577
Investments - insurance operations	**3,072,883**	2,682,227	2,593,366	2,524,990	1,787,795
Reinsurance recoverable	**142,774**	132,227	141,457	128,885	89,538
Premiums receivable	**140,876**	128,395	116,186	113,902	110,579
Other assets	**259,500**	252,436	241,492	271,627	214,240
	4,380,351	3,933,098	3,764,549	3,753,775	2,691,617
Segregated funds	**1,873,057**	1,846,896	1,777,727	1,669,407	1,137,460
	$ 6,253,408	$ 5,779,994	$ 5,542,276	$ 5,423,182	$ 3,829,077
Liabilities					
Policy liabilities	**$ 2,790,435**	$ 2,481,750	$ 2,420,619	$ 2,449,016	$ 1,661,106
Other liabilities	**334,377**	332,911	287,471	313,275	238,317
Policyholders' and minority shareholders' equity in surplus	**115,848**	114,052	105,345	100,118	97,178
	3,240,660	2,928,713	2,813,435	2,862,409	1,996,601
Capital stock	**7,892**	7,892	7,892	7,892	7,892
Retained earnings	**839,972**	768,503	714,987	659,742	495,276
Unrealized appreciation of investments	**291,827**	227,990	228,235	223,732	191,848
	1,139,691	1,004,385	951,114	891,366	695,016
	4,380,351	3,933,098	3,764,549	3,753,775	2,691,617
Segregated funds	**1,873,057**	1,846,896	1,777,727	1,669,407	1,137,460
	$ 6,253,408	$ 5,779,994	$ 5,542,276	$ 5,423,182	$ 3,829,077

(1) restated for change in accounting policy, see Note 2, page 20.

Summary of Life Insurance Operations

(all dollar figures expressed in thousands)

	2000	1999 (1)	1998	1997	1996
Premium income	**$ 324,194**	$ 320,932	$ 280,641	$ 259,716	$ 228,744
Amortization of realized and unrealized investment gains	**38,126**	31,611	26,444	25,508	19,003
Investment and other income	**177,023**	185,402	168,181	124,461	116,642
	539,343	537,945	475,266	409,685	364,389
Policy benefits	**351,752**	357,248	307,307	291,078	236,738
Expenses and commissions	**110,563**	105,056	104,971	76,604	70,719
Taxes	**32,038**	26,943	21,766	427	18,752
Profits allocated to policyholders	**4,426**	8,904	7,954	3,700	11,101
Profits to minority shareholders	**8,492**	8,516	6,948	7,892	5,777
Net contribution to E-L	**$ 32,072**	$ 31,278	$ 26,320	$ 29,984	$ 21,302
Premium income by line					
Individual:					
Insurance	**$ 158,001**	$ 159,835	$ 145,793	$ 80,848	$ 76,157
Annuities	**65,583**	88,684	75,285	117,667	87,982
Health	**2,956**	1,946	1,584	1,262	1,537
	226,540	250,465	222,662	199,777	165,676
Group:					
Insurance	**9,350**	7,368	6,597	6,812	7,011
Annuities	**3,394**	4,445	2,543	5,013	7,232
Health	**84,910**	58,654	48,839	48,114	48,825
	97,654	70,467	57,979	59,939	63,068
	$ 324,194	$ 320,932	$ 280,641	$ 259,716	$ 228,744
Assets, including segregated funds	**$ 4,263,005**	$ 3,957,868	$ 3,791,291	$ 3,732,787	$ 2,401,289

Summary of General Insurance Operations

(all dollar figures expressed in thousands)

	2000	1999 (1)	1998	1997	1996
Premium income	**$ 593,871**	$ 554,662	$ 541,872	$ 545,471	$ 537,862
Other income	**7,637**	7,042	6,399	6,442	6,265
Claims	**460,081**	414,734	391,200	386,973	377,159
Operating expenditures including commissions and premium taxes	**192,789**	192,345	194,546	180,758	174,271
Underwriting loss	**(51,362)**	(45,375)	(37,475)	(15,818)	(7,303)
Gain on sale of investments	**53,362**	16,630	16,840	41,947	5,117
Investment income	**50,150**	47,651	48,634	51,419	50,224
Income before taxes	**52,150**	18,906	27,999	77,548	48,038
Income taxes	**19,475**	6,649	9,794	23,059	20,905
Net contribution to E-L	**$ 32,675**	$ 12,257	$ 18,205	$ 54,489	$ 27,133
Claims ratio (to net premiums earned)	**77.5%**	74.8%	72.2%	70.9%	70.1%
Expense ratio (to net premiums earned)	**32.4%**	34.7%	35.9%	33.2%	32.4%
Combined ratio	**109.9%**	109.5%	108.1%	104.1%	102.5%
Net premiums written					
Automobile	**$394,493**	$ 368,000	$ 340,016	$ 347,123	$ 354,538
Property	**181,230**	174,879	171,884	167,461	166,090
Casualty	**36,587**	33,775	30,999	29,887	28,087
	$ 612,310	$ 576,654	$ 542,899	$ 544,471	$ 548,715
Assets	**$ 1,345,856**	$ 1,247,598	$ 1,178,303	$ 1,127,594	$ 1,054,043

(1) restated for change in accounting policy, see Note 2, page 20.

Summary of Financial Progress Since the Company's Inception

(all dollar figures expressed in thousands except per share amounts)

Year Ending December 31	Total Assets	Net Premiums	Total Revenues	Shareholders Equity	Net Income	Net Income Per Share
1969	$ 161,787	$ 41,256	$ 49,966	$ 21,447	$ 2,032	$ .61
1970	178,204	48,024	57,637	24,656	2,607	.78
1971	192,863	52,386	62,985	27,007	2,504	.75
1972	212,319	57,570	69,404	30,824	4,352	1.31
1973	234,926	67,732	81,221	34,707	4,278	1.28
1974	257,732	76,487	92,117	37,155	2,118	.62
1975	282,000	88,314	105,793	39,741	2,990	.89
1976	323,131	111,484	131,560	45,824	6,375	1.91
1977	376,428	134,419	158,446	55,047	9,970	2.99
1978	450,606	150,607	179,995	70,323	7,252	2.18
1979	487,206	147,330	181,869	82,604	13,084	3.41
1980	536,926	164,708	204,357	97,422	11,300	2.94
1981	585,110	195,967	242,631	92,162	(1,860)	(.48)
1982	630,645	218,042	273,265	100,691	8,662	2.25
1983	706,425	219,067	281,979	129,134	28,464	7.41
1984	777,270	230,445	300,345	150,766	26,954	7.02
1985	1,118,141	356,232	441,180	140,111	(9,671)	(2.52)
1986	1,400,171	435,795	537,969	154,593	18,436	4.80
1987	1,545,769	480,742	602,617	187,455	21,846	5.69
1988	1,666,086	477,787	610,928	222,944	36,097	9.40
1989	1,832,250	547,353	696,924	256,575	40,258	10.48
1990	1,928,160	568,217	727,841	255,463	7,208	1.88
1991	2,341,396	667,477	820,109	276,464	31,725	8.26
1992	2,783,297	737,292	933,083	322,706	18,700	4.87
1993	2,944,319	706,822	914,718	362,925	41,619	10.84
1994	3,029,425	637,915	812,062	402,734	41,055	10.69
1995	3,052,601	723,330	900,179	443,953	43,555	11.34
1996	3,598,443	766,606	964,533	498,320	57,814	15.05
1997	5,130,087	805,187	1,135,463	667,634	166,386	43.32
1998	5,522,285	822,513	1,109,457	951,114	57,165	14.88
1999	5,756,343	875,594	1,185,846	1,001,548	52,599	13.70
2000	$ 6,253,408	$ 918,065	$ 1,267,189	$ 1,139,691	$ 73,389	$ 19.11

This chart is drawn from the individual annual reports and therefore has not been restated for any subsequent changes in accounting policies.

Note:

1985 - The Canadian Indemnity Company was acquired

1986 - Montreal Life Insurance Company was acquired

1991 - Canadian operations of SAFECO Corporation were acquired

1997 - Concordia Life Insurance Company was acquired
Investment in National Trustco Inc. was sold

1998 - E-L Financial's portfolio investments were recorded at market value versus cost basis

The
DOMINION OF CANADA
General Insurance Company

Corporate Management

President and
Chief Executive Officer
GEORGE L. COOKE

Vice-President and
Chief Information Officer
JANET E. BABCOCK

Vice-President
Field Operations
ALAN J. HANKS

Vice-President
and Chief Actuary
NATHALIE BÉGIN

Vice-President
and Chief Financial Officer
R. DOUG HOGAN

Vice-President
Legal and Public Affairs and Corporate Secretary
VIVIAN BERCOVICI

Vice-President Special Claims
LORNE D. McCUBBIN

Vice-President Claims
JERRY DALLA CORTE

Vice-President
Human Resources
SHELLY A. RAE

THE EMPIRE LIFE INSURANCE COMPANY

Corporate Management

President and
Chief Executive Officer
CHRISTOPHER H. McELVAINE

Executive Vice-President
and Chief Operating Officer
DOUGLAS G. HOGEBOOM

Vice-President Independent Financial
Advisors Operations
DAVID E. HATCH

Vice-President Investments
JILL D. PEPALL

Vice-President Employee Benefits
JAKE J. HILBERDINK

Vice-President Resources
RUTH A. RAPPINI

Vice-President Managing
General Agencies Operations
BRENDAN M. McCORMICK

Vice-President Finance
MICHAEL C. SCHNEIDER

Vice-President Information Systems
WENDY R. M. MERKLEY

Vice-President and Secretary
WANDA SLAWINSKI